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Cuba

9. For a time Peiping apparently hoped to use Cuba as a base for operations and was counting on Castro's cooperation to increase Chinese Communist influence in Latin America. In 1960 the Chinese offered the Cubans a \$60-million economic development loan--of which only about \$4 million has thus far been drawn--and trade has been substantial. Last year over-all economic exchange amounted to about \$185 million; Chinese rice, medicines, and industrial goods were traded for Cuban products, mainly sugar. The Chinese Communist Embassy in Havana has about 50 officers and functionaries. In addition, there may be as many as 150 Chinese Communist advisers--mostly agricultural technicians--working in Cuba.

10. Although Castro's revolutionary program coincides to a large degree with Peiping's and has disagreed with Moscow's, the Chinese Communists have been prevented from taking full advantage of their presence. This is partly because Chinese Communist ambitions at times conflict with Castro's own ambitions. Moreover, as the Sino-Soviet dispute intensified, Moscow probably used its considerable economic leverage on Havana to step up the pressure for support against Peiping. Cuban leaders, while continuing to assert their determination to maintain an independent posture, have recently appeared to have edged over more closely toward Moscow.

12. The meeting of Latin American Communist leaders in Havana last November seems to have been a kind of watershed. This meeting, arranged by Moscow, represented a major bid to isolate the more radical, pro-Chinese splinter factions in Latin America. Peiping was reportedly disgusted with the

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Cubans for hosting a gathering which, though it supported revolutionary struggle in certain areas of Latin America, adopted positions useful to the Soviets in their world-wide struggle with Peiping. Chinese anger, kindled by the Havana gathering, was undoubtedly intensified by Cuba's decision to attend the March "consultative" meeting in Moscow and to send a high-level delegation headed by Raul Castro.

13. Party relations have now reached an all-time low, and the Chinese Communists may begin to criticize Cuba as "revisionist" and try to turn Latin American Communists against Castro. In early February Ché Guevara, Havana's most militant revolutionary spokesman, went to Communist China in an attempt to smooth matters over, but the Chinese leaders apparently were in no mood for reconciliation.

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14. Both sides continue to be bitter and no early easing of tensions is in prospect.

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Mexico

15. Chinese Communist trade representatives arrived in Mexico in mid-1963 to set up a trade fair, a few months after two NCNA men had set up a news bureau. The press officials are still there manning an official NCNA office. The trade group remained in Mexico nearly a year.

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Although previous Sino-Mexican trade had been insignificant, Communist China received grain and cotton totaling about \$35 million in 1964.

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16. The government of Diaz Ordaz is more conservative than that of his predecessor Lopez Mateos, and the present administration appears unlikely to permit a major expansion of formal contact with Communist China, although trade will probably continue.

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Chile

18. In Chile, as in Mexico, the Chinese Communists have been allowed to set up a permanent office. This mission, established in 1961, was recently enlarged from two to six officers and now is described as a trade mission rather than a press office. Peiping's representatives, especially the chief NCNA man, are extremely active and travel widely throughout Latin America. The Chinese Communists stationed in Chile try to promote Sino-Chilean trade, distribute anti-US propaganda, and wean Communists from the Moscow-oriented Old Guard leadership. Chile, however, is one of the few countries in Latin America where the party is legal and may still hope to gain power eventually by parliamentary means. There is little evidence of any widespread attraction to Peiping's militant line.

19. Communist China has purchased relatively small quantities of copper and nitrates since 1959 on a contract basis. In 1964 Chilean exports to Communist China totaled only about \$1 million and sales this year will be considerably larger.

Argentina

20. Since 1961 Communist China has purchased substantial quantities of wheat and some corn from Argentina. Last year sales to Peiping totaled 1.5 million tons of grain worth \$100 million. Under a long-term trade agreement signed last fall, the Chinese Communists are concluding contracts which are expected to cover at least one million additional tons by the end of 1966, and an Argentine wheat board delegation in Hong Kong in late March reportedly sold Peiping 700,000 tons of wheat. Chinese

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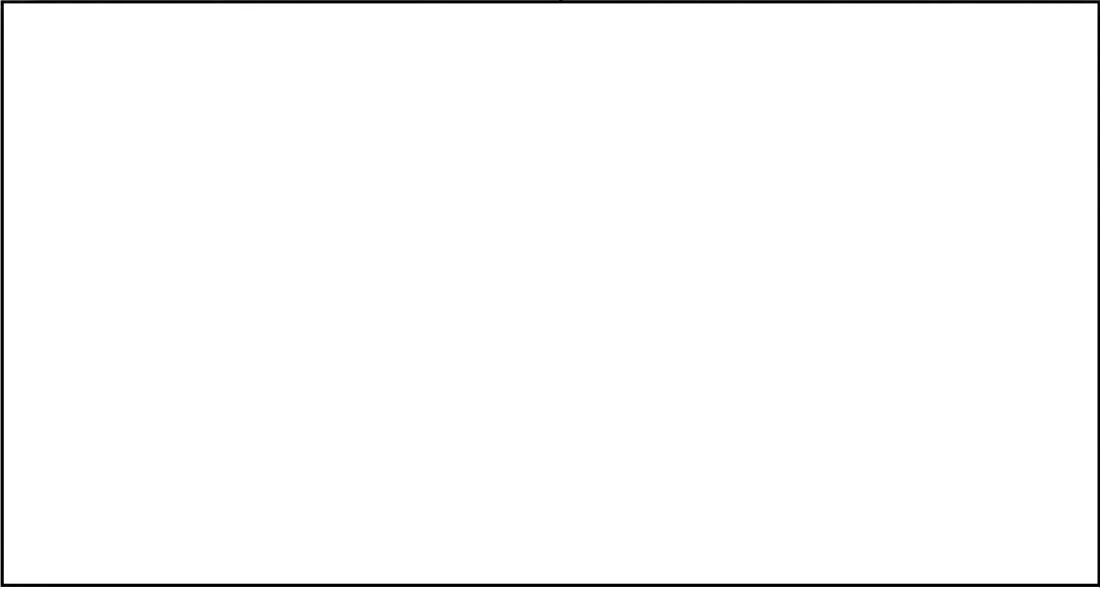
Communist commercial representatives are reportedly attempting to arrange trade promotion visits to Buenos Aires and neighboring Montevideo. For several years Peiping has been angling unsuccessfully for the establishment of a permanent trade or press office.

Brazil

21. Peiping suffered a resounding setback in Brazil early last year when the Castello Branco government shut down the NCNA office and arrested the two Chinese Communist press representatives and seven trade officials who were to set up a trade fair and permanent commercial office. All were tried and convicted of subversion and were recently expelled from Brazil.

22. Prior to last year's change of government Sino-Brazilian trade was just beginning to develop, and in early 1964 totaled more than \$300,000.

23. In 1962, a small faction of the Brazilian Communist Party split away to form a separate party. This group, now numbering less than 900, has endorsed Peiping in the Sino-Soviet dispute and advocates militant revolutionary tactics in Brazil.



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25. The Peruvian Communist party formally split in January 1964 into two organizations, one recognized by Moscow and the other by Peiping. The two groups appear to be of approximately equal strength.

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Colombia

26. A small pro-Peiping faction has formally split away from the pro-Soviet leadership and has formed the Communist Party of Colombia (Marxist-Leninist). This group has split the Youth Movement, and is beginning to make serious inroads into orthodox party ranks.

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Bolivia

27. Pro-Peiping elements are now in the process of formally breaking away from the Moscow-oriented party and have set up their own National Secretariat. They reportedly have considerable strength in the crucially important mining districts.

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Chinese Trade With Latin America

	<u>Million US \$</u>			
	<u>Imports</u>		<u>Exports</u>	
	<u>1963</u>	<u>1964 (est)</u>	<u>1963</u>	<u>1964 (est)</u>
Argentina	3.6	91.7	0.1	0.1
Brazil	0.2	0.2	1.4	0.5
Chile	-	1.0	-	-
Cuba	76.0	75.0	95.0	110.0
Mexico	-	32.0	0.1	-
Uruguay	0.2	-	-	-
Total	80.0	199.9	96.6	110.6

Chinese Economic Credits and Grants to Latin America
(through 1964)

	<u>Extended</u>	<u>Drawn</u>
Cuba	60.0 (development loan)	4.0 (est)
	40.0 (balance of pay- ment aid)	36.0 (est)

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Next 1 Page(s) In Document Exempt

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